

## Message Text

SECRET

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43

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

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O 011242Z SEP 74

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC IMMEDIATE 0743

INFO AMEMBASSY JIDDA IMMEDIATE

S E C R E T KUWAIT 3689

EXDIS

EO 11652: GDS

TAGS: ENRG KU SA

SUBJ: POSSIBLE NATIONALIZATION OF KUWAIT OIL COMPANY

REF: STATE 192371

1. I DO NOT THINK THAT KUWAIT OIL COMPANY WILL BE ANTIONALIZED BY YEAR'S END. PRIMEMIN/CP JABER AL-AHMAD, ATEEQI AND CO BELIEVE THEY CAN HAVE THEIR CAKE AND EAT IT TOO BY LEAVING THINGS JUST AS THEY ARE NOW. UNDER PARTICIPATION ARRANGEMENT THEY HAVE SURE MARKET FOR OIL EVEN IF THEY MAINTAIN OFFICIAL PRICE AT WHICH NO ONE IS WILLING TO BUY. THEY CAN SELL AS MUCH OR AS LITTLE OIL AS THEY WISH TO THEIR OIL TRIED AND TRUE ASSOCIATES GULF AND BP WHO CAN OFF-SET THE \$10.95 PRICE FOR PARTICIPATION CRUDE WITH SEVEN PLUS DOLLAR PRICE OF THEIR EQUITY CRUDE. AT SAME TIME, THEY CAN SHOW NATIONAL ASSEMBLY AND WORLD THAT THEY PREPARED CUT PRODUCTION OF "KUWAITI OIL" (I.E. PARTICIPATION CRUDE) AS FAR AS NECESSARY TO SUPPORT PRICES SET, OR FOR POLITICAL REASONS. THEY ALSO ANXIOUS TO KEEP GULF AND BP "HOOKED", BOTH TO RETAIN COMPANIES' EXPERTISE IN HELPING RUN THEIR OIL INDUSTRY AND COMPANIES' INTEREST AND COOPERATION IN HELPING KUWAIT TO DEVELOP ITS PETRO-CHEMICAL INDUSTRY, DOWNSTREAM INVESTMENTS, AND IN MANY OTHER WAYS. IN SHORT, GOK AND COMPANIES ENJOYING THEIR MARRIAGE TOO MUCH TO CONTEMPLATE DIVORCE AT THIS POINT.

2. ONLY TWO EVENTS I CAN THINK OF WHICH COULD CAUSE JABER AND ATEEQI TO CONSIDER NATIONALIZING KOC, OR DEMAND 100 PERCENT

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EQUITY INTEREST (THE PRACTICAL DIFFERENCE ESCAPES ME). ONE WOULD

BE FIFTH ROUND OF MIDEAST WAR. THE OTHER MIGHT BE WORD THAT  
SAUDIS PLANNED TAKE ONE OF THOSE ACTIONS THEMSELVES. INDEPENDENT  
MINDED AS THEY ARE, KUWAITIS MIGHT NOT FOLLOW SAUDIS EVEN  
THEN. IF SAUDIS DEMAND 100 PERCENT, KUWAITIS MIGHT SIMPLY  
SEARCH THEIR FERTILE MINDS FOR ARRANGEMENT WITH COMPANIES THAT  
GAVE GOK SAME (OR SLIGHTLY BETTER) DEAL FINANCIALLY.  
STOLTZFUS

SECRET

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, PETROLEUM INDUSTRY  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 SEP 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** martinml  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Reason:**  
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